

Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801)530-6980

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

**MONARCH INT'L HOLDINGS INC. and
DALE ALLEN JONES**

Respondents.

ORDER TO SHOW CAUSE

Docket no. SD-06-0001

Docket no. SD-06-0002

It appears to the Director of the Utah Division of Securities (Director) that Monarch International Holdings Inc., and Dale Allen Jones (collectively Respondents) may have engaged in acts and practices that violate the Utah Uniform Securities Act, Utah Code Ann. § 61-1-1, et seq. (the Act). Those acts are more fully described herein. Based upon information discovered in the course of the Utah Division of Securities' (Division) investigation of this matter, the Director issues this Order to Show Cause in accordance with the provisions of § 61-1-20(1) of the Act.

STATEMENT OF JURISDICTION

1. Jurisdiction over the Respondents is appropriate in this matter because the Division alleges that the Respondents violated § 61-1-1 (Securities Fraud) of the Act while engaged in the offer and sale of securities in Utah.

STATEMENT OF FACTS

THE PARTIES AND ENTITIES

2. Dale Allen Jones (Jones) is a resident of Salt Lake County.
3. Monarch International Holdings Inc. (Monarch) is a Nevada corporation, registered with the Utah Division of Corporations as a foreign corporation on October 17, 2003. Although Monarch's business address is in Wendover, Nevada, all of its officers and directors reside in Salt Lake City, Utah, and the investment opportunity in this case was entered in Salt Lake County. Jones is the president and a director of Monarch. Monarch's corporate status expired on January 31, 2006.

GENERAL ALLEGATIONS

4. In September 2004, Jones offered an investment opportunity to Utah investor (Investor) in a mutual fund purportedly managed by a fictitious entity called "Vanguard Financial Security Corporation" ("Vanguard") for I-Tel, a "subsidiary" of Monarch.¹ The offer was made in Salt Lake County.

¹No special documents are filed to be a subsidiary and I-Tel was actually registered under the name Valerie Brown.

5. Jones told Investor that the reason for the investment opportunity was that I-Tel needed financing and that a “Keith Billingsworth” (“Billingsworth”), a person who was purportedly a licensed representative from an investment firm called “Vanguard,” could invest Investor’s money in a 30-day mutual fund.
6. Jones also said that:
 - a. if Investor invested \$20,000 with “Vanguard,” D.A. would receive \$60,000 in 30 days;
 - b. Investor could get his money back anytime before the end of the 30 days for a fee of \$1,000;
 - c. the investment was 100% guaranteed; that there was no risk of losing Investor’s initial investment;
 - d. “Billingsworth” would provide Investor with an account number and periodic account statements allowing Investor to track the investment;
 - e. if Investor deposited \$20,000 into Monarch’s bank account, “Vanguard” would transfer the money from Monarch’s account to “Vanguard’s” account; and
 - f. “Vanguard” had to receive the funds by 5:00 pm on October 1, 2004.
7. Investor did not know “Billingsworth,” had never met him and had no direct contact with him or anyone else from “Vanguard.” Investor told Jones he wanted to see a written agreement before investing.

8. On September 30, 2004, Jones showed Investor a letter purportedly from “Billingsworth” and purportedly on “Vanguard” letterhead, and an accompanying investment agreement. Jones told Investor that he received them from “Billingsworth.”
9. The letter was dated September 30, 2004, and was addressed to Investor. The letter stated that the investment funds needed to be received by 5:00 p.m. on Friday, October 1, 2004 in order for Investor to participate in the current investment, and that the accompanying Investment Security Agreement needed to be signed and faxed back to him immediately.
10. The Investment Security Agreement (Agreement) was purportedly between Monarch and Vanguard. The Agreement provided that, effective September 7, 2004, Monarch would purportedly forward \$20,000 to “Vanguard,” and that “Vanguard” would purportedly “at it’s discretion, distribute [Monarch’s] funds through various investment avenues, so as to provide [Monarch] with the most substantial return on said funds.” The Agreement also provided that the term of the investment was three months, but that Monarch could withdraw the funds at any time prior to the end of the term by paying a \$1,000 early withdrawal fee to “Vanguard.”
11. In reliance on Jones’ representations, Jones and Investor signed the Agreement. Jones also promised Investor that “Billingsworth” would sign the Agreement once the investment account at Vanguard was established.

12. On October 1, 2004, Investor invested \$20,000 in a mutual fund purportedly managed by “Vanguard.” The check was deposited into Monarch’s bank account at Zions Bank in Salt Lake City, and the funds were then supposed to be transferred to Vanguard. In fact, the money was not transferred and “Vanguard” did not exist.
13. In late October 2004, after the investment, Jones informed Investor that I-Tel had ceased its business operations, and those operations would be handled by another subsidiary of Monarch called Salt Harbor Interstate Transport, Inc.
14. Investor wanted his money back. But in early November 2004, Jones also told Investor that “Billingsworth” had “disappeared.”
15. In late December 2004, Jones told Investor that he had resumed contact with “Billingsworth,” and “Billingsworth” was purportedly trying to work with “Vanguard” to return Investor’s money.
16. “Billingsworth” and “Vanguard” have never been licensed to sell securities in the State of Utah, “Vanguard” was never a registered corporation in the State of Utah and does not appear in local business directories, and Billingsworth does not appear in local phone directories. “Vanguard” has no connection and is not affiliated in anyway with The

Vanguard Group, Inc.². Billingsworth and Vanguard do not exist; they are simply fictitious persons and entities.

17. Bank records obtained from Zions show that none of Investor's \$20,000 investment in October was transferred to "Vanguard." The records also show that the account balance at the time of the \$20,000 investment was only \$782.98
18. Bank records also show that, on October 2, 2004, Jones withdrew \$12,500 from Monarch's account, \$10,000 of which he turned into an "official check" made payable to I-Tel, and \$2,500 of which he kept as cash. Bank records also show that after Investor's \$20,000 investment was deposited, Jones continued to use the account to pay various business expenses related to the operation of Monarch and its subsidiaries.
19. On April 8, 2005, Investor sued Monarch, Jones, Vanguard, and a number of other individuals and entities in Third Judicial District Court for return of his investment and other business related expenses.
20. Investor has received no return of principal or interest from his investment, and petitioned for bankruptcy on May 15, 2005.

² The Vanguard Group, Inc. is a well-known American investment management company that offers mutual funds and other financial products and services to individual investors and institutional investors in the United States and abroad. The company is headquartered out of Valley Forge, Pennsylvania. See Wikipedia, *The Vanguard Group* (visited Jan. 27, 2006) <http://en.wikipedia.org/wiki/The_Vanguard_Group>.

CAUSES OF ACTION

COUNT I

Securities Fraud under § 61-1-1(2) of the Act (Monarch International Holdings Inc., and Dale Allen Jones)

21. The Division incorporates and re-alleges paragraphs 1 through 20.
22. The investment opportunity offered and sold by Jones and Monarch is a security under § 61-1-13 of the Act.
23. In connection with the offer and sale of a security to a Utah investor, Jones and Monarch, directly and /or indirectly, made the following misrepresentations of material fact:
 - a. That “Keith Billingsworth,” was a person who a licensed representative with Vanguard Financial Security Corporation, that “Billingsworth” was handling the investment, when in fact, “Billingsworth” and “Vanguard” do not exist;
 - b. That Investor’s investment was 100% guaranteed;
 - c. That there was no risk of losing Investor’s initial investment;
 - d. That Investor could get his money back anytime before the end of the 30 days for a fee of \$1,000, and that Investor would receive a 200% return on his investment in 30 days, when in fact, one year and four months after his investment, D. A. has been unable to recover any principal or interest;
 - e. That Investor’s money would be deposited into Monarch’s account, and from there be transferred into “Vanguard”’s account, when in fact, Investor’s money was never transferred from Monarch’s account to “Vanguard”’s account, but was

instead used to pay business expenses related to the operation of Monarch and its subsidiaries; and

- f. That “Billingsworth” would provide Investor with an account number and periodic account statements allowing Investor to track the investment when, in fact, Investor was never given any information about the account at Vanguard.

24. In connection with the offer and sale of a security to a Utah investor, Jones and Monarch, directly and/or indirectly, failed to disclose material information, including, but not limited to, the following, which was necessary in order to make the representations mentioned above in paragraph 23 not misleading:

- a. That “Billingsworth” and “Vanguard” do not exist;
- b. That Jones was not licensed to sell securities;
- c. That Investor’s investment would be used to pay business related expenses for Monarch and its subsidiaries, instead of being invested with “Vanguard”;
- d. That Jones had over \$245,000 in outstanding civil judgments;
- e. “Vanguard”’s business and operating history, explaining how long the company had been in business, the types of business in which it engaged, how it found customers, and its general business plan;
- f. “Vanguard”’s financial statements, showing its financial condition and the results of its operations;
- g. A description of how the investment would make money;

- h. Any involvement of “Vanguard” or its principals in certain legal proceedings, including bankruptcy and prior violation of state or federal securities; and
 - i. Agent commissions or compensation for selling the investment.
25. Based upon the foregoing, Dale Allen Jones and Monarch International Holdings Inc. willfully violated § 61-1-1 of the Act.

ORDER

The Director, pursuant to § 61-1-20 of the Act, hereby orders Respondents to appear at a formal hearing to be conducted in accordance with Utah Code Ann. §§ 63-46b-4 and 63-46b-6 through -10, and held before the Utah Division of Securities. The hearing will occur on Friday, March 10, 2006, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah. If Respondents fail to file an answer or appear at the hearing, the Division of Securities may hold Respondents in default, and a fine may be imposed in accordance with Utah Code Ann. § 63-46b-11. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, Respondents may show cause, if any they have:

- a. Why Respondents should not be found to have engaged in the violations alleged by the Division in this Order to Show Cause;
- b. Why Respondents should not be ordered to cease and desist from engaging in any further conduct in violation of Utah Code Ann. § 61-1-1, or any other section of the Act;

- c. Why Monarch International Holdings, Inc. should not be ordered to pay a fine of five-thousand dollars (\$5,000) to the Division; and
- d. Why Dale Allen Jones should not be ordered to pay a fine of five-thousand dollars (\$5,000) to the Division.

DATED this 3rd day of February, 2006.

Wayne Klein

WAYNE KLEIN

Director, Utah Division of Securities



Approved:

Jeffrey Buckner
JEFFREY BUCKNER
Assistant Attorney General

J.H.

Division of Securities
Utah Department of Commerce
160 East 300 South
Box 146760
Salt Lake City, UT 84114-6760
Telephone: (801) 530-6600
FAX: (801) 530-6980

**BEFORE THE DIVISION OF SECURITIES
OF THE DEPARTMENT OF COMMERCE
OF THE STATE OF UTAH**

IN THE MATTER OF:

**MONARCH INT'L HOLDINGS INC. and
DALE ALLEN JONES**

Respondents.

NOTICE OF AGENCY ACTION

Docket no. SD-06-0001
Docket no. SD-06-0002

THE DIVISION OF SECURITIES TO THE ABOVE-NAMED RESPONDENTS:

The purpose of this Notice of Agency Action is to inform you that the Division hereby commences a formal adjudicative proceeding against you as of the date of the mailing of the Order to Show Cause. The authority and procedure by which this proceeding is commenced are provided by Utah Code Ann. §§ 63-46b-3 and 63-46b-6 through 11. The facts on which this action is based are set forth in the foregoing Order to Show Cause.

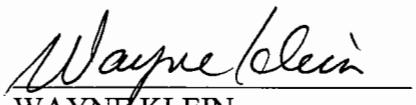
Within thirty (30) days of the mailing date of this notice, you are required to file a written response with the Division. The response you file may be helpful in clarifying, refining or narrowing the facts and violations alleged in the Order to Show Cause. A hearing date has been set for Friday, March 10, 2006, at 9:00 a.m., at the office of the Utah Division of Securities, located in the Heber Wells Building, 160 East 300 South, 2nd Floor, Salt Lake City, Utah.

If you fail to file a written response, as set forth herein, or fail to appear at the hearing, the Division of Securities may hold you in default, and a fine may be imposed against you in accordance with Utah Code Ann. § 63-46b-11, without the necessity of providing you with any further notice. In lieu of default, the Division may decide to proceed with the hearing under § 63-46b-10. At the hearing, you may appear and be heard and present evidence on your behalf. You may be represented by counsel during these proceedings.

The presiding officer in this case is Wayne Klein, Director, Division of Securities, 160 East 300 South, P.O. Box 146760, Salt Lake City, UT 84114-6760, telephone (801) 530-6600. The Administrative Law Judge will be J. Steven Eklund, Utah Department of Commerce, 160 East 300 South, P.O. Box 146701, Salt Lake City, UT 84114-6701, telephone (801) 530-6648.

Your written response should be filed with the Division, attention Pam Radzinski, P.O. Box 146760, Salt Lake City, Utah 84114-6760. A copy also should be mailed to the Division's attorney, Jeff Buckner, Assistant Attorney General in the Utah Attorney General's Office, 160 East 300 South, P.O. Box 140872, Salt Lake City Utah 84114-0872, telephone (801) 366-0310. Questions regarding the Order to Show Cause and Notice of Agency Action should be directed to Jeff Buckner.

DATED this 3rd day of February, 2006.


WAYNE KLEIN
Director, Division of Securities
Utah Department of Commerce

Certificate of Mailing


I certify that on the 6TH day of February 2006, I mailed, by certified mail, a true and correct copy of the Order to Show Cause and Notice of Agency Action to:

**Monarch International Holdings Inc. &
C/O Dale Allen Jones
524 W. Murray Blvd.
Murray, UT 84123**

Certified Mail # 70042510000611969759

**Dale Allen Jones
524 W. Murray Blvd.
Murray, UT 84123**

Certified Mail # 70042510000611969766


Executive Secretary